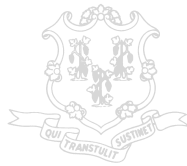


OFFICE OF LEGISLATIVE RESEARCH  
PUBLIC ACT SUMMARY



**PA 14-216—SB 480**

*Insurance and Real Estate Committee*

**AN ACT CONCERNING LIFE INSURANCE PRODUCER LICENSES AND REGISTRATIONS OF BROKER-DEALERS, AGENTS, INVESTMENT ADVISERS AND INVESTMENT ADVISER AGENTS, AND THE INSURANCE COMMISSIONER'S AUTHORITY TO DENY AN APPLICATION FOR AN INSURANCE PRODUCER LICENSE**

**SUMMARY:** This act broadens the reasons why the insurance commissioner can deny an application for an insurance producer's license. It requires him to consider sanctions that the Banking Department may have imposed on a license applicant or current licensee in (1) denying the application or (2) not renewing, suspending, or revoking an existing license.

**EFFECTIVE DATE:** October 1, 2014

**APPLICATIONS FOR INSURANCE PRODUCER LICENSES**

The law requires the insurance commissioner to issue an insurance producer license to a person who (1) is at least 18 years old; (2) completes the requisite course of study; (3) passes the licensing examination; and (4) pays the license fee, so long as he or she has not committed an act that is grounds for denying, suspending, or revoking a license. The act additionally allows the commissioner to deny a license if he determines that (1) the applicant is not properly qualified or trustworthy and (2) granting the license is against the public interest.

If the commissioner denies the application, he must inform the applicant in writing of his reasons for doing so. The applicant can request a hearing in writing within 30 days of receiving this notice. The commissioner must (1) hold the hearing within 20 days of receiving the request, (2) give the applicant at least 10 days' notice of the time and place of the hearing, and (3) issue his final decision within 45 days after the hearing. A person aggrieved by the final order or decision can appeal.

The act also requires the banking commissioner to provide monthly lists to the insurance commissioner with the names and Social Security numbers of certain professionals the Banking Department regulates who (1) are currently registered with the banking commissioner and (2) have had their registrations denied, suspended, or revoked during the preceding 10 years. The regulated professions are (1) broker-dealers, (2) agents associated with a broker-dealer or an issuer, (3) investment advisers, and (4) investment adviser agents. The second list must include the reason for the Banking Department's sanction.

The act requires the insurance commissioner to determine whether the second list includes any (1) applicant for an insurance producer license or (2) existing

licensee. The insurance commissioner must consider the Banking Department sanction, in addition to the factors he must already consider for denying a license, in determining whether to grant a producer license. The commissioner can also deny the application if he determines (1) the applicant is not properly qualified or trustworthy and (2) granting the license is not in the public interest.

If the commissioner denies an application, he must advise the applicant in writing of the reason for his action. The applicant can request a hearing in writing within 30 days of receiving this notice to determine the reasonableness of the denial. The hearing is subject to provisions that generally apply to Insurance Department hearings. Any appeal must be brought in New Britain Superior Court.

## REVIEWING LICENSED INSURANCE PRODUCERS

If the insurance commissioner determines that (1) a licensed insurance producer is on the second list submitted by the Banking Department and (2) the sanction was not previously disclosed or known to him, he must consider whether the sanction, taken with the existing grounds for nonrenewal, suspension, or revocation of a producer's license, materially affects the producer's qualifications or trustworthiness. After providing reasonable notice to the producer, the commissioner must hold a hearing to make the determination. He may suspend, revoke, or choose not to renew the producer's license if he determines that (1) the producer is not qualified or trustworthy and (2) renewing or continuing the license is against the public interest.

If the commissioner takes these actions, he must notify the licensee and advise him or her, in writing, of the reason for the sanction. Anyone aggrieved by the sanction may appeal to New Britain Superior Court.

## BACKGROUND

### *Professions Registered with the Banking Department*

By law, the following professionals must register with the Banking Department: (1) broker-dealers, (2) agents associated with a broker-dealer or an issuer, (3) investment advisers, and (4) investment adviser agents. A broker-dealer engages in securities transactions for others or his or her own account. An investment adviser is someone who, for compensation, (1) advises others on the value of securities or the advisability of investing in, buying, or selling securities or (2) as a part of a regular business, issues or promulgates analyses or reports concerning securities.

The department can deny, suspend, or revoke a registration on several grounds. These include any (1) wilful violation or failure to comply with the laws governing these professions or (2) conviction, within the past 10 years, for any (a) misdemeanor involving a security or any aspect of a business involving securities, commodities, investments, franchises, business opportunities, insurance, banking, or finance or (b) felony.

OLR Tracking: KM:JO:JKL:ro